

# PRESS RELEASE

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## For Immediate Release

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## Contact Person

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Assistant U.S. Attorney

Madison, Wisconsin -- Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that You Bin Yang, 30, and You Lin Yang, 32, of Las Vegas, Nevada, and formerly of Eau Claire, Wisconsin, were each sentenced yesterday by U.S. District Judge John C. Shabaz to 34 months in prison for conspiracy to commit income tax fraud and conspiracy to structure financial transactions. They pleaded guilty to these charges on May 2, 2006.

Their terms of imprisonment are to be followed by a 3-year period of supervised release. In addition, they were each ordered to pay a \$60,000 fine and were ordered jointly and severally liable for a money judgement in the amount of \$366,800, representing the amount of money they illegally structured. The defendants' father was also indicted, but remains a fugitive.

The Yangs owned and operated the China Buffet restaurant in Eau Claire, Wisconsin, from 1997 to September 2004. During this time frame, the defendants conspired to defraud the Internal Revenue Service of taxes by committing numerous acts, including:

1. Making daily bank deposits into the China Buffet business bank account at Royal Credit Union, located near the restaurant. The defendants deposited the receipts from credit cards and checks into the China Buffet bank account. The defendants

failed, however, to deposit any of the cash receipts from China Buffet into the business bank account. Cash receipts accounted for over 65% of the total business receipts for China Buffet. Instead, the defendants brought cash to the credit union and asked the tellers to convert the cash into larger bills (e.g., \$50 and \$100 bills).

2. The defendants evaded paying \$761,457 in federal income taxes for the years 1997 to 2001.
3. The defendants filed false sales tax returns with the State of Wisconsin that do not include cash receipts.
4. The defendants reported the same gross receipts numbers on the China Buffet federal income tax returns, Schedule C, as they had reported to the State of Wisconsin on the state sales tax returns. The state and federal returns for gross receipts matched; both failed to include any cash receipts. For the years 1997 through 2001, the defendants under reported over \$2,600,000 in gross receipts for China Buffet to the IRS.
5. The defendants every month would phone in the false gross receipts numbers to their accountants in New York.
6. The defendants would sometimes not use the cash register at China Buffet and handle the customer sales by hand. If the customer asked for a receipt, the defendants would give the customer their food bill back stamped with a China Buffet stamp, rather than keep the copy for their records.
7. The defendants hired illegal aliens to work at China Buffet. The defendants failed to report the wages for these illegal aliens to the IRS, and did not pay the employment taxes associated with these wages.
8. On the federal tax returns, Schedule C, for China Buffet, the defendants reported false "cost of goods sold" figures that were lower than the actual costs in order to make sure the ratio between gross receipts and "cost of goods sold" did not appear abnormal and draw attention to the cash skim.
9. The defendants threw away numerous business and tax records relating to China Buffet for the years 1999-2003. The defendants put the records in dumpsters after having been contacted by IRS agents one day prior and informed that they were all subjects of a criminal tax investigation.

The charges against the defendants are the result of an investigation conducted

by the Eau Claire Police Department, the Wisconsin Department of Revenue - Criminal Investigation Division, Eau Claire office, and the Internal Revenue Service - Criminal Investigation Division, Eau Claire office. Prosecution of the case has been handled by Assistant U.S. Attorneys Daniel J. Graber and Elizabeth Altman.

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